

OFFICE of LOGISTICS
Comparative Analysis of Operations
CONFIDENTIAL
FY-'58 thru FY-'63

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OFFICE OF LOGISTICS
COMPARATIVE ANALYSIS OF OPERATIONS
FY 58 THROUGH FY 63

1. Introduction

This study consists of a critical analysis of the cost of operating the Office of Logistics, and of the volume and quality of service rendered for the period FY 58 through FY 63. The OL budget is presented graphically to show the ratio between the cost of personal services and the total of other costs. Selected statistics are presented in graphic form to portray workload comparisons and general trends in volume of work as reflected by the specific work unit measured. Fiscal year 1958 is used as the base year from which succeeding fiscal years are measured. Each chart has been analyzed and unusual fluctuations in expenditures and significant changes in trends are appropriately explained. Also included are discussions on the major changes in procedures and systems, the introduction and application of new equipment and devices, and those additional management techniques which have contributed toward a more efficient and effective operation.

2. Budget and Personnel

a. The attached Chart No. 1 is a graphic presentation of the total OL budget showing the breakdown of obligations according to object class for FY 58 through FY 63, together with corresponding average employment figures. This chart describes a 33 per cent increase in total OL costs of FY 63 over the FY 58 base year. The ratio between the cost of personal services and the costs of other objects is found to be relatively stable.

b. Chart No. 2 shows the cost of only those elements of OL having to do with direction, planning, administration and control. Generally, there is little, if any, variance between personal services and other costs for those elements following within this category. The increase in other objects in FY 60 was due to the inclusion of a one-time expense for a contract negotiated to accommodate the National Security Agency. Unlike the work of the operating elements of OL, the work performed by the segments represented on this chart does not lend itself to statistical measurement. For this reason, a costed quantitative production analysis is not feasible.

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c. Comparative figures on personnel for the period FY 58 through FY 63 are shown on Chart No. 3. The peculiar disparity in the FY 61-62 figures is of interest and is explained as follows:

(1) The increased per capita cost in FY 61 is mainly attributable to the 1960 Pay Act which was effective at the beginning of FY 61 (July 6, 1960). The decrease in average employment is attributed to the demands made upon OL to furnish logistics personnel for the [redacted] project, which was then the major emergent project of the Agency.

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(2) In FY 62, the OL was authorized to temporarily exceed its ceiling in order to satisfy certain requirements for lower graded and blue-collar type workers. This resulted in a lower average salary and accounts for the slight reduction in per capita costs in FY 62. The requirements for these additional employees were engendered by heavy demands for couriers, and for additional laborers to cope with the near collapse of the [redacted]

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3. Logistics Services Division

a. Telephone Facilities Branch

Charts No. 4 and 5 show the cost of providing telephone service, and comparative workload figures for the period indicated. The primary reason for the substantial increase in the Agency's telephone expenses (141.5 percent since FY 58) is because Virginia's rates for facilities, equipment and services are much higher than those in the District of Columbia and Maryland. For example, the cost of a local call in Virginia is five cents (\$.05), whereas the D. C. cost is three and three-quarter cents (\$.0375) per unit. The increase in monthly equipment rental costs, which commenced in FY 61, is accounted for as follows:

(1) The C & P Telephone Company of Virginia equipment rental costs and installation charges exceed those of the D. C. company by as much as 290 percent.

(2) Recurring equipment rental costs are incurred for the internal Red Line dial switching facility at the Headquarters building.

(3) The new PBX telephone system includes direct-dial facilities on which monthly rental costs are incurred. The acquisition of this facility resulted in a reduction of four (4) telephone operator positions.

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(4) Additional tie-line trunks are leased on a monthly basis and are used to interconnect the Agency PBX equipment located in the Headquarters building with the dial satellite equipment in South Building. This wiring arrangement has eliminated the need for the services of Agency operators at both locations.

(5) Another item contributing to the increase in equipment costs is the installation and rental of Non-Published Message Business telephones and related foreign zone mileage charges. During the period FY 58 through FY 63 these lines were increased from 204 to 302.

(6) The Private Line service between key officials is a new service feature provided since FY 61. This facility is less costly than the Dictograph intercommunication system used prior to the move to the new Headquarters building.

b. Space Allocation & Facilities Branch

(1) An analysis of the budget data pictured on Chart No. 6 covering the cost of the space allocation and facilities operations discloses that the FY 58 figure includes non-recurring costs for space alterations due to extensive moves of DD/P elements, and \$150,000 for air conditioners procured for subsequent installation in the departmental area. The decrease in the FY 59 figure, and following into the next two fiscal years, is largely the result of PBS having assumed the cost of rents being paid on certain departmental real estate, such as properties at [redacted] Street, 1016-16th Street, and [redacted]

[redacted] The cost of installing air conditioners appears as a non-recurring cost in FY 59. Expenditures for space maintenance and alterations were kept to a minimum during FY 60 and FY 61 because of the then short term occupancy of the tempo buildings in the departmental area. The cost of relocating Agency elements to the new Headquarters building during the fall of 1961 is reflected by the increase in FY 62 expenditures. An additional increase in the FY 63 expenditures is attributed to the costs involved in getting occupants settled [redacted] and to the \$425,000 service order for the operation of that building.

(2) The number of service requests processed was selected as the variable to measure the trend in workload for the period FY 59 through FY 63. This trend is shown on Chart No. 7. The sharp rise in requests in FY 62 may be explained by the move to the new Headquarters building during the fall of 1961 and spring of 1962. During this time it was necessary to

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25X1 maintain two branch offices - one downtown and one at the new building. Problems involved in getting occupants settled in the new building accounts for the continued high volume of requests during FY 63. Added to this is the fact that [] was occupied during the first part of 1963.

c. Passenger Vehicle Branch

(1) Prior to FY 63, the budget requirement for this activity was not carried as a separate line item in the OL budget. For this reason, budget and personnel data for this Branch does not appear in this study.

(2) The graph and charted operations of this Branch (Chart No. 8) indicate that while our vehicles travel farther, they are carrying fewer passengers. This, it is believed, can be explained by the fact that within the last 18 months there has been a greater concentration of Agency employees in the Headquarters building than exists in any complex of buildings in the city. At the same time, all vehicles must start from and return to the Headquarters building located between 12 and 13 miles from the general area of temporary and permanent buildings occupied by the Agency in the city.

d. Mail and Courier Branch

Chart No. 9 shows the continuing increase in the cost of providing mail and courier service for the Agency. The principal reason for the increase in personal service costs is attributable to the [] employees assigned to this Branch to maintain and operate the pneumatic tube and conveyor belt systems in the Headquarters building. Another contributing factor is the increase in number of vehicles and the additional cost of operating the vehicles because of the greater distances traveled.

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4. Printing Services Division

The Printing Services Division has been able to meet the gradual but continuous increase in requirements through (a) increase in number of employees, (b) adoption of new methods and procedures, (3) use of new equipment, and/or through a combination of these elements. Chart No. 10 on budget and personnel shows a stable ratio between the cost of personal services and other objects. Production figures and workload trends are pictured on Chart No. 11.

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a. Photographic Prints

(1) Photographic Prints, the item which shows the greatest growth pattern, have been produced largely through the introduction of new high-speed photographic equipment. The item Photographic Prints is a heterogeneous figure and represents production from a number of different photographic processes and skills and takes no account of size or difficulty of processing.

(2) During the time under consideration there has been a revolution in the methods of copying documents. Prior to 1958 copying of documents was limited to photostat copying or micro-filming and making enlargements. Both of these processes are recognized as being extremely slow. The development of the Xerox electrostatic method of copying has all but obsoleted photostat copying and the old hand method of enlarging from microfilm. Production comparisons between photostat copying and Xerox copying are as follows:

Photostat	- one print about 14 minutes to produce with additional copies being produced approximately every ten seconds.
Xerox	- produces 20 feet of paper per minute (20 8x10 prints per minute).

(3) PSD first utilized the Xerox equipment on a rental basis during FY 58. This accounts for the noticeable increase in photographic prints made between 1958 and 1959. Included in this operation was a Xerox machine located in Records Integration Division, DD/P. This machine was manned and operated by PSD. The control and operation of this machine was transferred to RID in May 1959. This resulted in the steep decline in the number of Xerox prints produced from 1959 to 1960. The trend reversed itself the next year and has been increasing since then.

(4) Other pieces of equipment which have contributed to a greater photographic printmaking capability are the 70mm camera and roll easels. The 70mm camera is used to copy photographic prints for the Graphics Register, OCR, library. By using this camera copying, capability was increased 100 per cent over the old method of copying. This camera was purchased and became operable in 1960.

(5) In the photographic industry it has been a recognized fact that processing and printing can be accomplished much faster when using rolls of film and rolls of paper rather than cut sheets of film and cut sheets of paper. During the years under consideration, the Division introduced the use of a roll processing and printing, whenever possible. Presently four easels (modified to our own type of production) and two roll processors are in operation.

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(6) These are the principal innovations which have made it possible for PSD to increase production, improve quality, and provide timely services during the years under consideration. As stated above, increases in photographic production have generally followed PSD's increased capability to make prints. Requirements increase with our ability to produce.

b. Microfilm

(1) In the overall printing production effort, processing microfilm is not a particularly significant item. It is also subject to sizeable fluctuations because of the large capacities of the machines involved. Our reported item "Feet of Microfilm" is a heterogeneous figure including motion picture film processed, microfilm processed, ozophane film processed, and direct positive film processed. These are all machine operations capable of processing film at rates of 5 to 30 feet of film per minute. Our equipment is large (it takes 600 feet of film just to thread one microfilm processor) and diversified. For nearly every type of film processing a different type of processor is required.

(2) The beginning of the Walnut System in the DD/P initiated sizeable film processing requirements on PSD. From the middle of 1958 until the early part of 1960, this processing was done on the motion picture processor. A gradual buildup of requirements occurred during this time which necessitated the acquisition of an Anatec processor to meet these specific requirements. This machine commenced processing Walnut film in May of 1960. From the beginning of the Walnut System until the acquisition of the Anatec processor, considerable backlogs of film to be processed had developed. With the added capability of the Anatec processor these backlogs began to diminish.

(3) In August 1958, the Assistant Executive Officer, DD/P, was studying the feasibility of resizing Field Index cards in field stations and at Headquarters. To accomplish this resizing for standardization, approximately two million cards size 5 x 8 and 4 x 6 would be copied on microfilm, the film processed, and printed out as 3 x 5 cards. It was estimated that this project would take about two years to complete. This project was actually begun on a modest scale during the latter part of 1958. In early 1959, PSD sent a team of photographers to the Middle East to film index cards of stations in that area. This signaled the earnest beginning of the project which was to run until 1961. DD/P projects are principally responsible for the increased workloads in the area of feet of microfilm processed during the years considered. It is to be noted that there is a gradual falling off in the processing of microfilm. This is attributable to completion of the resizing project and a reduction in the number of cards processed.

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c. Printed Impressions

(1) The term "Printed Impressions" includes impressions printed by several different processes and is, therefore, a combined figure. The processes involved include addressograph, ditto, mimeograph, offset, and letterpress impressions. In recording impressions, no significance is placed on different sizes. The small addressograph impression is given equal weight with the large offset impression. Colors are counted as separate impressions as each requires a separate run through the press.

(2) The Division operates over 50 presses with rated capacities of 4,500 - 7,000 impressions per hour. Thus the printed impression potential is quite large. This explains the figure of over two hundred million impressions printed during FY 63.

(3) The number of impressions printed are so large that small changes in the number have little significance on the percentages. A rather sizeable change in numbers may mean the difference of only a few percentage points which again is not particularly significant. The variety of "impressions" described above makes for fluctuations in the impression figure.

(4) Thus the few percentage point variations during the years under consideration have very little significance from the standpoint of overall production. These variations are normal and expected. It is anticipated that these variations will continue so long as Agency requirements remain substantially as they have during the period under consideration. It is interesting to note that the trend has been up for the last two fiscal years.

d. The Agency cannot afford a continuously increasing number of people to do its printing. Nor can it afford to staff for anticipated peaks of production. The present number of people assigned to the Division is large, but must remain so because of the "state of the printing art" and the high level of requirements. PSD has held the line on numbers of employees, increasing personnel only because of new, large requirements or acquisition of new functions. PSD believes that its plan for a new building in which to house two printing plants and a program of technical improvement will permit it to reduce personnel while producing all Agency requirements adequately.

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5. Procurement Division

a. The gradual upward trend in the cost of operating the Procurement Division is pictured on Chart No. 12. Although there is only a slight variance in the ratio between personnel costs and the cost of other objects, it is significant that the trend appears to be toward a continuing increase in the other objects category. A review of the budget data discloses that the establishment of the [] Procurement Office during FY 60 accounts for the increase in the other objects ratio for that fiscal year. The continuing higher ratio for other than personal services during the succeeding fiscal years is attributed to the recurring expense of TDY and PCS travel, and to the cost of movement of household effects of personnel assigned to the [] Office.

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b. Chart No. 13 shows the breakdown in funds obligated for material and services contracts and purchase orders, and for research and development contracts. This chart, supported by the accompanying statistical tabulation on workload, shows clearly that there is a decided upward trend in procurement activity.

c. The following discussion covers those situations and factors that have contributed significantly to the additional workload, and lists those new systems and procedures installed during the period indicated:

(1) FY 58: The Logistics Reference Room as presently constituted was transferred from the Administrative Staff to the Procurement Division.

(2) FY 59: A Flexowriter system of preparing purchase orders was installed which enabled the existing clerical personnel to handle the increased workload volume.

(3) FY 60:

(a) An extension of the Contract Branch, known as the [] Procurement Office, was established [] to ensure expeditious handling of the increasing number of contracts with companies located in or migrating to that area. This was done without increase in number of personnel at that time.

(b) Supply and Procurement Divisions collaborated in efforts to make maximum use of excess materiel from other Government agencies. Records of monetary advantage to the Agency are available for FY 63 and 64.

(c) Studies were made and Yearly Supply and Term-Type Supply Contracts applied to some recurring requirements of standard items of continued use not covered by GSA schedule.

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(4) FY 61:

(a) Procurement support to WH Project JMWAVE was not only in additional actions, but tested the mettle of personnel to react adequately to the crash requirements and deadlines levied at this time.

(b) Emphasis was placed on development of new sources in order to stimulate competition in all areas of procurement, including research and development. This is a continuing program and of proven value under present day conditions.

(5) FY 61 - 62:

(a) A program of control and inspection of Government furnished equipment in the hands of contractors was begun in FY 61 and gained momentum in FY 62 with the addition of a position for a Property Administrator. This continuing program is now well established and considered a very profitable use of time.

(b) Expanded activity of the National Photographic Interpretation Center on a continuing basis and procurement of furnishings and equipment for [] contributed to expanding workload for this period.

(6) FY 63:

(a) Effective 1 July 1963, the MILSTRIP system of single line item submission of requests to military establishments was implemented. This was inaugurated as a Flexowriter procedure and added considerable workload to the section processing these actions, as well as accounting for some of the sudden increase in procurement actions processed this fiscal year.

(b) A program of evaluating contractors from technical, financial, administrative, and cooperative points of view was begun. This is a continuing program and, though still subject to refinements, has proved of value to technical offices of the Agency, as well as to Procurement Division personnel.

(c) Procurement support to Project SWITCHBACK accounts for some of the increase in number of procurement actions and close to [] million of the additional dollars expended this fiscal year.

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6. Real Estate and Construction Division

a. Budget and personnel data for this Division appear on Chart No. 14. The unusual condition pictured in FY 64 was occasioned by a bookkeeping entry of \$300,000 in connection with the acquisition of land at Headquarters. Average employment has remained fairly constant until 1962, when the Building Planning Staff was phased out and personnel of that staff were transferred to RE&CD.

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construction program necessitates assignment of a project engineer on what amounts to a full time basis.

e. The rehabilitation [] did not require TDY travel, but it became a full time job for the Deputy Chief for most of 1962, with the resulting loss of his services in the office.

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g. The extent of the Agency real estate interests, domestic and foreign, places a continuous requirement on the division for engineers and/or real estate officers. This means that one or two of our personnel are always on some TDY travel, domestic or foreign, of long or short duration depending on the circumstances. They are thus unavailable for routine staff work a good part of the time.

h. Unforeseen crash requirements present staffing problems, such as the recent request for a diesel-engineer for []. This was accomplished by the hurried assignment of an engineer [] for a period of probably 90 days.

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i. We recognize that this travel is a necessary function of the division in order to properly supervise and monitor our construction and real estate activities. However, with a staff as limited as that in the division, it does present a problem in staffing the office positions and performing extensive but necessary travel.

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